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COPY NO. 2

14 March 1952

MEMORANDUM FOR: Deputy Director (Intelligence)

SUBJECT: Revision of NSC 114/2, Annex No. 6 and Summary

PROBLEM:

1. The NSC has requested the revision of the Summary of Annex No. 6, "Foreign Intelligence and Related Activities," of NSC 114/2.

DISCUSSION:

2. A re-examination of the old Annex No. 6 and its Summary (TAB C) suggests that both need revision.

3. Major changes which are proposed in the new Annex No. 6 and its Summary are as follows:

a. Lumping together "Foreign Intelligence" and "Related Activities" (meaning in the old Annex OPC business) tended to distort the intelligence picture. By the separation in the Annex this distortion is avoided.

b. There has been a reorganization of the old paper along with some editorial changes.

d. Finally, an effort has been made to show a bit more logically in the face of the relatively minor financial demands of intelligence, why a "foreign intelligence" annex is called for at all in NSC 114.

4. While formal concurrence of CIA offices has not been secured, all have been consulted and their suggestions have in the main been incorporated. I have gone over the paper carefully with Hunt in DD/P and have included his suggestions.

RECOMMENDATION:

5. That you approve the attached draft Annex No. 6 and Summary (TAB A) for dissemination to the IAC agencies for consideration at the working level prior to IAC consideration.

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JAMES G. PERER
Assistant Director, IC

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Security Information on

14 March 1952

Draft Annex No. 6

FOREIGN INTELLIGENCE AND RELATED ACTIVITIES
(Prepared by the Central Intelligence Agency with the
Concurrence of the Intelligence Advisory Committee)

Foreign Intelligence

1. The peculiar nature of intelligence operations makes it difficult to project national intelligence planning in terms comparable to those employed in a program aimed at the attainment of manpower or production goals. While intelligence must increase its efforts if it would audit the Soviet world's strength and estimate with the required accuracy its intentions and chances of success, expansion in itself offers no guarantee of increased effectiveness. Some further expansion may indeed be necessary in some of the intelligence agencies, but in general improvement in the intelligence product is dependent upon other factors such as the refinement of our collection targets and the skill with which information is evaluated and conclusions drawn. The increased funds necessary to support the intelligence activities required in the State and Military departments, while important to the intelligence effort, are not of a magnitude to require consideration in this paper. Furthermore the importance of these funds is not dependent on the policies and programs contained in the main body of this paper.

2. The improvement of US foreign intelligence is nevertheless an important objective and one closely related to the policies recommended here since our estimate of Soviet intentions and capabilities is directly dependent upon the effectiveness of our intelligence organization. To improve the over-all value of their product, the intelligence agencies

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must focus upon three essentials:

First, they must make certain that the substantive objective controlling their collection, research and estimating activities are properly related to the problems posed by the Soviet world and others which confront the members of the National Security Council.

Second, both the collection and research activities of the several intelligence agencies must be so synchronized that the resources of each provide maximum support for the attainment of these objectives.

Third, they must constantly seek to strengthen their capabilities and resources in order to improve the quality and reliability of their product, whether in the collection or research field.

3. The Intelligence Advisory Committee, composed of the chiefs of each of the intelligence agencies is of great assistance in focusing the attention of the community on these three continuing efforts. It is also increasingly effective as a means of achieving coordination on National Intelligence Estimates, and of reaching agreement on the coordination of various other intelligence activities.

4. The IAC agencies, in recognition of the need for strengthening the collection of intelligence information bearing upon the capabilities and intentions of the Soviet Union and Soviet Orbit countries, have made renewed efforts to exploit overt sources of information. In spite of some success, however, much if not most of the critical information needed will continue to be unavailable except by covert means. The ordinary difficulties of "conventional" clandestine collection are greatly magnified within the Soviet Orbit where virtually the entire population is covered with a vast counterespionage net and where State surveillance restricts opportunities for penetration. The enormous difficulties of such clandestine activities strain available resources of qualified personnel.

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and may be expected to increase the costliness of such operations. The resources and possibilities available for covert collection are therefore limited and will necessarily continue to be insufficient to provide all the critical information required in these areas. In order to make the maximum use of our limited possibilities, intelligence agencies have made considerable strides toward isolating the most essential elements of information which must be collected by covert means, giving proper attention to priorities. Increasing success is also being achieved in the collection of intelligence on the Soviet and its satellites by technological and scientific means, although in the electro-magnetic field we have not yet achieved adequate coordinated effort.

5. While the quality of national and departmental intelligence research is heavily dependent upon the intelligence information collected, it is also dependent on a properly coordinated division of labor among the agencies and on the timely availability of the research product. In this regard it is felt that the National Intelligence Estimates are making a significant contribution. There has been notable progress in the field of Atomic Energy intelligence and it is hoped that in other aspects of scientific and technical intelligence comparable satisfactory arrangements can be developed. There is also underway a promising coordinated program for the systematic analysis of the Soviet and satellite economies. This should provide a better appraisal of the capabilities and long-range intentions of the USSR, and should suggest possible avenues of US counter-action by exposing economic vulnerabilities. The agencies have also intensified their collaborative efforts to watch Soviet or Soviet Orbit development on a continuing basis in order to detect any short-range warning of an intent to launch a military attack on the West.

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6. All of the intelligence agencies suffer from inadequate numbers of well-qualified personnel and inadequate space arrangements to meet their responsibilities in collection and research production. While qualified personnel are difficult to attract in the face of the competition of other employers, both inside and outside the Government, some of the departments have been seriously hampered in this respect by budgetary difficulties and uncertainties.

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Related Activities

TAB E

Related activities which have been undertaken or are planned in support of the foreign or military policies of the Government can be expected to require increasing financial and manpower resources. Related to other programs the financial requirements are not large. However, their size in relation to the intelligence aspect of the CIA budget is such that special methods of presenting it to Congress may have to be developed. A major difficulty with respect to manpower arises from the difficulty in recruiting and training officers for this work. It is expected that increasing reliance on Armed Service personnel will be required.

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Draft SummaryFOREIGN INTELLIGENCE AND RELATED ACTIVITIES
(Prepared by CIA with the concurrence of the IAC)

1. Sound intelligence estimates are essential to our national security as our choice of policy stems in general from our estimate of Soviet intentions, capabilities, and strength. To improve its usefulness intelligence must continually endeavor to relate its activities to the problems presented by the Soviet World and to other problems which confront the members of the NSC, to coordinate the efforts of the several agencies and to increase the reliability of the intelligence product.
2. Our collection capabilities in the USSR and Soviet Orbit are seriously limited because of the meager potential of overt sources and the extraordinary difficulties of covert operations. Efforts are being intensified to exploit more fully overt sources and to exploit more selectively covert targets.
3. The Intelligence Advisory Committee is providing an effective mechanism for coordinating the activities of the intelligence community. The production of intelligence is fairly adequate with respect to national estimates, economics, atomic energy and warning of attack though additional work remains to be done. Arrangements are being developed for handling other aspects of scientific and technical intelligence.
4. Though some additional personnel are needed the emphasis must be on quality rather than quantity. No extraordinary increase in funds beyond the level of current expenditures will be required for foreign intelligence.
5. Related activities which have been undertaken or are planned in support of the foreign or military policies of the Government can be expected to require increasing financial and manpower resources.

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